

**Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201**

Department of the Treasury

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Employer Identification Number:

Contact Person - ID Number:

Contact Telephone Number:

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LEGEND

B = grant program
C = country
y = dollar amount
z = dollar amount

Dear :

We have considered your request for advance approval of your grant-making program under section 4945 (g)(3) of the Internal Revenue Code, dated August 5, 2011.

Our records indicate that you are recognized as exempt from federal income tax under section 501(c)(3) of the Code and that you are classified as a private foundation as defined in section 509(a).

Your letter indicates that you will operate a grant making program called B. The purpose of your program is to place graduates in affordable private schools that serve low-income communities and families in C, or other developing countries, for a period of ten months. The individuals are expected to develop innovative projects and solutions to further sustainability and resource planning and improve quality teaching and learning interventions, curriculum development, parent engagements strategies, teacher training, and operational management and business development. Individuals are also expected to dedicate a portion of their time towards work outside of schools, with social enterprises, for the purpose of gaining greater insight into the local education environment in efforts to research and develop interventions that they can implement in their school or within the school's community.

Your program is advertised by publishing information through a distribution network of college campuses, campus visits, referrals and recommendations from other non-profit organizations and social enterprises, partnering universities and your website. Approximately 1000 individuals are eligible to apply annually and between 100-200 individuals will receive awards. The approximate amount of each grant is y dollars to z dollars and is not renewable. The amount, number, and duration of awards could vary from year to year based on available funding.

Applications are open to graduating college seniors or those that have graduated from an accredited university/college with no more than two (2) years work experience. Eligible candidates must submit an application that fulfills the information requested as you deem appropriate. This will include a cover letter explaining the candidate's interest in the fellowship, learning expectations, a résumé, copy of transcripts, proof of nationality and residency, brief essays responding to specific program questions, and letters of reference; one from a professor/instructor and another from an individual in the applicant's professional experience.

There are two types of individual grants within your program. One allows individuals to earn academic credit through university partners. For applicants applying for fellowships with academic credit, the university partner will screen the applications under their own criteria and your criteria before forwarding the approved applications to you for further screening. Applicants not applying for academic credit will be screened solely by your program guidelines.

Preliminary screening of all candidates by your staff will be based on the applicant's ability to demonstrate both interest and experience relevant to the program including: a) academic or work experience in business economics, development education or related fields, b) demonstrated leadership while in college or university, c) achieved high academic success, d) interests in development and social enterprise solutions, e) international travel experience, f) interest in entering the field of social entrepreneurship/enterprise.

Recipients will be selected based on objective criterion, including their ability to: a) be self-motivated and take initiative in their work, b) adapt to a new and often challenging environment, c) be willing to work in low-resource communities in developing nations, d) work collaboratively and contribute to a group of diverse young professionals, and e) remain unbiased, open-minded and culturally sensitive in both their work and group interaction.

Upon preliminary screening, the number of candidates will be narrowed by your staff and then interviewed either in-person or by telephone. Upon interviewing, candidates are further narrowed to a pool of applicants who participate in a final interview with a selection committee comprised of your members and/or outside individuals you have appointed. Final selections are made by this selection committee.

Your employees, their family members, and any other "disqualified persons" will not be eligible to apply for individual grants or fellowships. Selected recipients must be at least 21 years of age, have a valid passport, and not have a criminal record. The terms and conditions of each award will be contained in a letter/contract and sent to each recipient. The recipient is required to communicate acceptance by letter or by executing the contract. Terms and conditions include: agreement regarding the specific purpose of the fellowship and permitted use of fellowship or grant funds, whether it is a grant for academic credit, the duration of the fellowship, the total amount of the fellowship, and requirements for narrative reports must include a description of the courses taken

(if any) and the grade received (if any) in each academic period and be verified by the grantee's educational institute. If the grant does not involve formal coursework but instead the preparation of research papers or projects, the report must describe the progress of the paper or project and be approved by the faculty member or another appropriate educational official supervising the recipient.

Payment will be made either to the recipient or, in the case for academic credit, may be paid directly to the recipient's educational institution. In the case of payments made directly to an educational institution, you may choose not to require the recipient to furnish narrative reports if the institution agrees to use the funds to offset the expenses of the recipient only if he or she is enrolled and in good standing.

When applicable, you will request and review annual reports and a final report from the recipients. Each report will be reviewed to determine whether the purpose of the award has been fulfilled and to identify any issues requiring further scrutiny or investigation. At the end of each recipient's program, you will meet with each recipient for an end of the year briefing on the individual's experience with the program and his/her progress.

Where reports or other information indicate that all or any part of the funds was not used for intended purposes, you will initiate an investigation. Meanwhile, any further payments will be withheld to the extent possible until it has been determined that no part of the funds have been used for improper purposes, and until any delinquent reports have been submitted.

You will investigate any diversions of funds from their intended purposes, take all reasonable and appropriate steps to recover diverted funds, ensure funds held by a grantee are used for their intended purposes, and withhold further payments to grantees until you obtain grantees' assurances that future diversions will not occur and that grantees will take extraordinary precautions to prevent future diversions from occurring.

You agree to maintain records that include the following:

- (i) Information used to evaluate the qualification of potential grantees;
- (ii) Identification of the grantees (including any relationship of any grantee to the private foundation);
- (iii) The amount and purpose of each grant; and
- (iv) All grantee reports and other follow-up data obtained in administering the private foundation's grant program.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

In addition, we have determined that awards made under your procedures are 'scholarship or fellowship' grants within the meaning of sections 4945(g)(1) and 117 of the Code, and are excludable from the gross income of the recipients subject to the limitations provided in section 117(b) of the Code, including to the extent that such grants are used for qualified tuition and related expenses within the meaning of section 117(b)(2) of the Code.

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(3) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Lois Lerner
Director, Exempt Organizations

Enclosures:
Notice 437
A copy of the redacted letter